

Office Memorandum • UNITED STATES GOVERNMENT

TO : General Counsel

DATE: 1/1/54

FROM : Director of Logistics

SUBJECT: Patent, Royalty, and Copyright Matters Arising under Procurement Contracts

AT 1. Pursuant to the Central Intelligence Agency Act of 1949 and implementing [] the Procurement Division of this Office utilizes the Armed Services Procurement Regulation as a guide for the procurement of supplies and services. In accordance with this policy contracts issued by the Procurement Division generally include patent, royalty, and copyright clauses prescribed by the Armed Services Procurement Regulation.

2. The use of the patent clause results in the acquisition by the Government of royalty-free licenses and other patent rights while the royalty clause results in the imposition of certain duties on the Government with respect to the determination of the propriety of royalty charges. It is considered that the most important of the actions arising from these clauses are:


- a. Legal review of royalty-free licenses furnished by contractors and filing thereof with U. S. Patent Office.
- b. Preparation and filing with U. S. Patent Office of patent applications on behalf of the Government.
- c. Determination of whether the Government has a prior patent right which will eliminate a royalty charge.
- d. Determination of whether a royalty rate is excessive.

3. These actions are considered of a legal nature appropriately within the purview of the General Counsel. They are so treated by the Department of Defense wherein the responsibility for such actions rests with the Patent Counsel, Office of Naval Research for the Department of the Navy, the Chief, Patents Division, Office of Judge Advocate General for the Department of the Army and the Chief, Patent and Royalties Division, Office of the Staff Judge Advocate, Department of the Air Force.

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4. In addition to the foregoing there are two related areas in which action by the General Counsel would be beneficial to this Office. The first of these areas concerns the reasonableness of attorney fees for patent work charged by Agency contractors and included in the cost of performing the contract. The review by General Counsel of the scope and usefulness of the services performed and recommendation as to reasonableness of such attorney fees would assist in the orderly prosecution of the work of this Office. From this it is the opinion of this Office that potentially thousands of dollars would be saved by the Agency each year. The second area in which action by the General Counsel would be appropriate involves the review of many contracts completed in the past to determine whether or not all patent rights to which the Government is entitled have been reviewed and patent licenses processed.

5. Since the General Counsel is in an analogous position in this Agency to patent counsel in the various military departments, it appears that similar matters, particularly those set forth in paragraph 2, above, should be under your administration. Further, your assumption of action with respect to the related areas explained in paragraph 4 would materially assist and benefit this Office. Since basic documents will flow from contractors through the Procurement Division, it is recommended that your Office establish procedures for their processing. This Office will be glad to assist wherever possible.


JAMES A. GARRISON

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OL/PD/CB:  (2 December 1955)

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Next 1 Page(s) In Document Exempt

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SECRET

Chief, Procurement Division/OL

17 May 1956

Chief, Engineering Division/OC

ENG-6-557

Classified Inventions

REF: Memorandum Dated 2 May 1956 from Chief, Procurement Division/OL
to Director of Communications, Subject, Classified Inventions

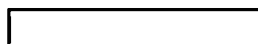
1. In reply to the referenced memorandum, the following information is supplied for your guidance:

a. It is believed that the number and amount of our Research and Development contracts will increase in the future.

b. The Research and Development work that we will carry on will generally be in the field of electronics and will include communications, electronic intercept equipment, infrared, and ultra violet. It is not believed that there will be an appreciable number of inventions made in the course of this work. However, it is possible that there will be some inventions made and some of them of themselves should be placed in a classified category.

c. It is our understanding that there already exists within the Agency a procedure for handling inventions worked out by Agency personnel and that as far as contractors are concerned a requirement is placed in the contract for the contractors to take necessary steps to protect patentable items developed in the course of the work under the contractor.

d. The Office of Communications does not at present have any arrangements where it can review patent applications in the field in which it is interested, but it would welcome the establishment of a method whereby such patents could be reviewed. The desire to review the patents is two-fold. Where appropriate action can be initiated to place patents under a secrecy status and equally important, an opportunity will be afforded this office to keep abreast of new developments disclosed in patent applications.



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